SCUOLA SUPERIORE DI STATISTICA E DI ANALISI SOCIALI ED ECONOMICHE | Istat

Rete della ricerca socio-economica

Ciclo di seminari 2014

Lunedì 24 febbraio 2014
ore 10:00 – 11:30
ISTAT - Piazza dell'Indipendenza, 4 - *Sala Baffi*

The role of indicator selection in nowcasting Euro area GDP in pseudo real time

Metodi di selezione degli indicatori e previsione real-time:
una applicazione al PIL dell'area euro

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Nodo di ricerca
Modelli macroeconomici

Abstract

Building on the literature on regularization and dimension reduction methods, we have developed a quarterly forecasting model for euro area GDP. This method consists in bridging quarterly national accounts data using factors extracted from a large panel of monthly and quarterly series including business surveys and financial indicators. The pseudo real-time nature of the information set is accounted for as the pattern of publication lags is considered. Forecast evaluation exercises show that predictions obtained through various dimension reduction methods outperform both the benchmark AR and the diffusion index model without pre-selected indicators. Moreover, forecast combination significantly reduces forecast error.